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Brandon Burgess
President and Chief Executive Officer

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Federal Communications Commission
Office of the Secretary

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Chairman Kevin J. Martin
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

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Federal Communications Commission
Bureau / Office

RE: ION MEDIA NETWORKS UPDATE

Dear Chairman Martin,

For the last 18 months we have been working to restore ION Media Networks ("ION") as the nation's largest commercial TV station group, against overwhelming obstacles and financial distress. When I joined the company – then known as "Paxson" – it was within six months of an imploding debt load, lacked on-air programming, produced negative cash flow, had no business plan, nor plans for the digital transition. People saw us as non-viable independent stations, squeezed between consolidating "big media" on one side, and disruptive digital technology on the other.

At that time, I shared with you and the Commissioners our goal of revitalizing the company, as the only remaining sizeable independent station group outside the major network affiliation system. I also committed to you that we would embrace the responsibility, entrepreneurship and innovation the FCC expects from broadcasters.

You and your colleagues have been generous with your interest in our efforts, and we appreciate the positive bipartisan guidance from the Commission. In return, we hope you feel we are living up to our promises, even during our challenging transitional time. I assure you that our team is working its hardest to deliver on our commitments. In an effort to keep you informed, here is the latest on our key initiatives.

Commitment to Quality Broadcast Television Programming

ION entered into an alliance with the independent producer RHI Entertainment (formerly Hallmark Entertainment) giving us access to an extensive library of family-oriented content and original production. RHI has a long tradition in family content, including 448 Emmy nominations, 103 Emmy awards, 15 Golden Globe awards and numerous Peabody, SAG and Christopher and Genesis awards.



Starting in July, this programming will air on ION's television stations each Friday, Saturday and Sunday, reiterating our commitment to quality programming by creating a whole new broadcast family viewing destination on weekends.

On weekdays, we are delivering a broadcast schedule that taps into award-winning comedic and dramatic television favorites. Shows like "Mama's Family" and "Wonder Years" have recently enjoyed applauded revivals on our network, virtually making them "first runs" for new and younger audiences that had not seen the original broadcasts.

Digital Network "Qubo" Focused on Literacy and Positive Values

"Qubo", our new childrens' TV brand developed in partnership with Scholastic, Classic Media/Big Idea, Corus Entertainment, and NBC/Telemundo, champions literacy and positive values. Broadcast in both English and Spanish with a sound E/I content orientation, Qubo focuses on children ages 2-11. Its messaging encourages kids and parents to realize their full potential, with a focus on problem-solving, friends and family, overcoming fears, and mastering new ideas.

Since we last spoke, Qubo launched its dedicated 24/7 digital multicast channel on ION's television stations nationwide in January. The digital network debuted with a line-up including popular E/I shows such as "Veggie Tales", "Veggie Tales Presents: 3-2-1 Penguins!", "Jane and the Dragon", "Babar", and "Dragon", and "Theodore Tugboat".

Qubo can also help be a voice in childrens' health and wellness, and is committed to emphasizing healthy and active lifestyles for children. We seek to limit fast-food advertising for children unless verifiably part of campaigns to promote healthy eating. We are working with you and Commissioners Tate and Copps on the Childhood Obesity Task Force to agree and implement the best ideas from that working group.

Digital Network "ION Life" Focused on Wellness and Active Living

This past February, we also launched our second 24/7 digital multicast network, "ION Life", devoted to consumer wellness, active living, and personal growth. It features a mix of content focusing on wellness, fitness, lifestyle, sports and travel. ION Life is designed to provide credible, insightful and life-enhancing content that motivates adults of all ages to become aware and active when it comes to lifestyle choices.

In connection with the local public affairs programming on our television stations we are committing one hour per week to ION Life health issues with local tie-ins. This format will include significant attention to childrens'



and parental health issues, drawing on material such as Kids Healthworks (information for parenting stages), advice from pediatric specialists, as well as fun-facts and insights for parents and kids.

Digital Transition and Carriage

As you can see, we are keeping our part of the promise to use our digital broadcast spectrum for quality, diverse, value-added, and public interest content. We now need the regulatory process to ensure that consumer receive and retain access to this content in the digital transition.

DTV broadcasters across the country are transmitting quality digital content that is not seen by many viewers as relevant part of the digital broadcast signals are being stripped by re-distributors, even though this content is intended to be available to all consumers for free. How can this be in the best public interest, and how can we expect a successful DTV transition when distributors strip or downgrade digital content from the airwaves to the detriment of lower income customers?

At the same time, members of the "big four" broadcast network fraternity do not suffer from the same discriminatory treatment. All their digital content, irrespective of quality or public interest, is passed through by gatekeepers. We hereby strongly call on the FCC to protect small and less potent broadcasters from digital content stripping and downgrading so independents too can play a role in the digital transition and beyond.

We applaud the FCC rulemaking to ensure the continued access of over-the-air broadcasting digital signals to all cable homes after the digital transition. In these proceedings ION will reiterate the importance of access to all TV households, given that small broadcasters rely solely on advertising to offer content for free to consumers. We ask that you also include "anti-stripping" in your digital carriage proceeding, as a second key premise for keeping broadcasting viable and diverse in the digital age. An outline for how you can shape a fair arrangement to protect independent players is attached.

Building Industry Consensus and Technology for Mobile Digital TV

Broadcasters are now less than two years from the close of the analog era and the consumer benefits envisioned by the architects of DTV are barely understood. ION is working hard to work collaboratively and innovatively with our peers to best use the public broadcast spectrum to improve the digital television quantity, quality and access for digital television viewers. Mobile wireless television provides another big opportunity to enhance service levels with the digital transition.



At the recent NAB convention, ION co-led the formation of the "Open Mobile Video Coalition" working with eight leading TV broadcast station groups -- Belo, Gannett, Gray Television, Sinclair, Tribune, NBC/Telemundo, and Fox Television Stations. The Coalition wishes to maximize the capabilities of DTV spectrum and enable broadcasters to serve consumers both in the home, as well as in out-of-home mobile settings.

While mobile television is "digital bread and butter" in other countries, we have some immediate technology catch up work to do, to get this capability ready for the February 2009 transition. We need the FCC's endorsement and help to ensure that mobile capability is part of the over-the-air digital spectrum capability, offering U.S. consumers the same DTV versatility enjoyed by viewers in other countries.

Recapitalization and Investor Fundraising

Finally, I am pleased to also share with you that we are also making progress in getting our own fiscal house in order. As you know the company balance sheet had accumulated to over \$2.5 billion in obligations and fixed claims burdening our assets. With recent positive industry feedback on our efforts, we are also seeing preliminary interest and support from the investment community.

You may have read in the trades recently that our largest existing institutional investor, Citadel Investment Group (CIG), is stepping up to support the company with a meaningful financial commitment. As part of that, CIG is poised to become our largest financial backer, replacing Bud Paxson as controlling shareholder, and substantially reducing NBC Universal's interest in the company.

We are in the process of preparing FCC documentation to effectuate these changes from Bud Paxson to Citadel, and I will visit you to give you further background. (Incidentally, Citadel Investment Group is entirely unrelated to the Citadel radio group as well as the Citadel television group. The name similarities are coincidental.)

Chairman Kevin J. Martin
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In summary, we are working hard and passionately on the improvements we discussed, and I hope our initiatives and approach are consistent with the way the Commission wishes an independent station group to rise to its challenges.

We need your guidance and attention more than ever to be a viable independent broadcast participant. As always, I thank you for your time and thoughtfulness.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Burgess", written over the printed name.

R. Brandon Burgess
President and Chief Executive Officer
ION Media Networks

cc: FCC Commissioner Michael J. Copps
FCC Commissioner Jonathan S. Adelstein
FCC Commissioner Deborah Taylor Tate
FCC Commissioner Robert M. McDowell